

Q3 2013



Town of Colma Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Colma In Brief

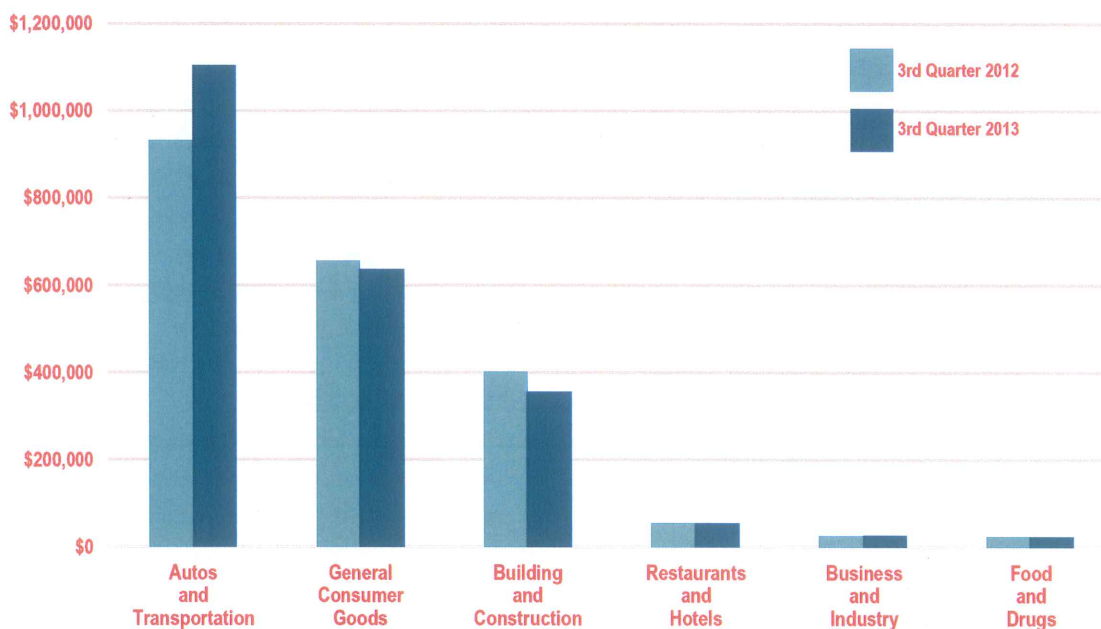
Receipts for Colma's July through September sales were 6.3% higher than the same quarter one year ago, but accounting events that affected both periods skewed the data. Net of aberrations, actual sales rose 10.5%.

Solid sales and leasing activity at new car dealers, combined with a recently-added dealership were a major factor for the overall increase. The allocation from the county use tax pool was also a factor. The pool, which is distributed to agencies in the county as a ratio of taxable sales, was 13.5% larger than the year-ago quarter. Prior additions contributed to gains from home furnishings, specialty stores and quick service eateries.

Payment anomalies depressed comparisons for family apparel and the building and construction sector and offset gains from a new outlet in the business and industry group. Receipts declined from some categories of consumer goods, including electronics/appliances.

Adjusted for reporting anomalies, taxable sales for all of San Mateo County increased 5.3% over the same time period; the Bay Area as a whole was up 5.6%

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Babies R Us	Marshalls
Bed Bath & Beyond	Michaels Arts & Crafts
Best Buy	Nordstrom Rack
BevMo	Old Navy
Cypress Lawn Cemetery	Pacific Nurseries
Golden Gate Acura	Pacific Sales
Home Depot	Serramonte Auto Plaza
Honda of Serramonte	Serramonte Ford
Hyundai Serramonte	Sleep Train
Kohls	Stewart Chevrolet Chrysler
Lexus of Serramonte	Target
Lucky Chances Casino & Dining	Team Volkswagen
	Subaru
	Toyota Lease Trust

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,839,849	\$4,202,103
County Pool	459,106	564,691
State Pool	988	2,258
Gross Receipts	\$4,299,943	\$4,769,053
Cty/Cnty Share	(214,997)	(238,453)
Net Receipts	\$4,084,946	\$4,530,600
Less Triple Flip*	\$(1,021,236)	\$(1,132,650)

**Reimbursed from county compensation fund*

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

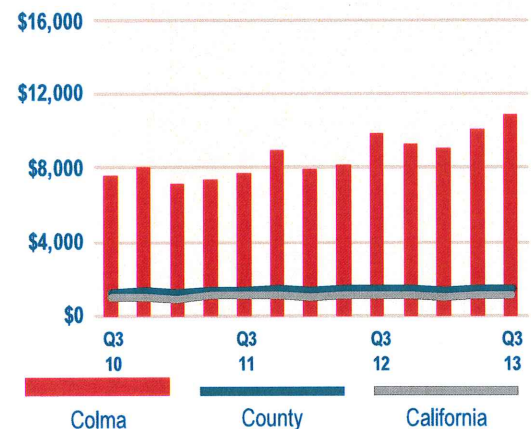
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER ACCOUNT



COLMA TOP 15 BUSINESS TYPES

*In thousands		Colma		County	HdL State
Business Type	Q3 '13*	Change	Change	Change	Change
Art/Gift/Novelty Stores	—	CONFIDENTIAL	—	17.9%	3.4%
Auto Lease	40.5	9.8%	14.3%	18.2%	18.2%
Department Stores	—	CONFIDENTIAL	—	-2.9%	1.6%
Discount Dept Stores	—	CONFIDENTIAL	—	-4.2%	-8.2%
Electronics/Appliance Stores	91.6	-2.9%	5.5%	4.0%	4.0%
Family Apparel	56.0	-19.7%	-5.1%	5.8%	5.8%
Garden/Agricultural Supplies	—	CONFIDENTIAL	—	5.5%	9.1%
Home Furnishings	60.1	11.3%	3.8%	10.3%	10.3%
Leisure/Entertainment	—	CONFIDENTIAL	—	8.4%	3.6%
Lumber/Building Materials	—	CONFIDENTIAL	—	-11.6%	-15.8%
Morticians And Undertakers	36.0	1.0%	0.7%	3.3%	3.3%
New Motor Vehicle Dealers	1,047.0	19.6%	23.5%	12.7%	12.7%
Package Liquor Stores	—	CONFIDENTIAL	—	1.4%	4.6%
Quick-Service Restaurants	23.6	31.9%	0.7%	3.9%	3.9%
Specialty Stores	38.2	3.1%	6.1%	7.6%	7.6%
Total All Accounts	\$2,202.2	5.2%	3.8%	2.5%	2.5%
County & State Pool Allocation	\$292.9	15.7%	14.2%	12.5%	12.5%
Gross Receipts	\$2,495.2	6.3%	4.9%	3.5%	3.5%
City/County Share	(124.8)	-6.3%			
Net Receipts	\$2,370.4	6.3%			